

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 PA-01

PRS-01 USIA-06 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 IGA-02 /087 W

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R 291340Z JAN 76

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3737

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E.O. 11652: N/A

TAGS: EFIN, AG

SUBJECT: ALGERIAN EXTERNAL FINANCE

1. ALGERIANS CURRENTLY EXPERIENCING CROWDING PROBLEMS  
IN ATTEMPS TO FINANCE DEVELOPMENT PROGRAM. AS NOTED  
SEPTEL, SONATRACH CURRENTLY ARRANGING \$300 MILLION  
EURODOLLAR BORROWING WHICH WILL BE MARKETED IN NEXT FEW  
WEEKS. AT SAME TIME SONELEC, ALGERIAN ELECTRICAL  
PRODUCTS MANUFACTURING COMPANY, IS SEEKING U.S.  
FINANCING FOR HOME APPLIANCES PLANT, WHICH GTE NOW  
BUILDING. BANKERS TRUST IS TO MANAGE SONELEC LOAN  
PLACEMENT AMOUNTING TO ABOUT \$50 MILLION. (U.S.  
EXIMBANK HAS AUTHORIZED LOAN OF \$55 MILLION FOR  
SONELEC PROJECT.)

2. BANKERS TRUST REPS IN ALGIERS THIS WEEK HAVE TRIED  
TO PERSUADE GOA THAT SONATRACH EURODOLLAR LOAN SHOULD  
BE DELAYED. BANKERS TRUST FEELS THAT DESPITE FACT THAT  
ITS LOAN IS PRIME RATE BASED LOAN, RATHER THAN EURODOLLAR  
LOAN, TWO MARKETS ARE REALLY CLOSE TOGETHER AND  
SONATRACH LOAN MIGHT DRAW AWAY FUNDS FROM ITS LOAN.  
ALGERIANS ARGUE TWO FINANCIAL MARKETS SEPARATE AND  
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DISTINCT. THOUGH FINAL DECISION NOT YET MADE BY BANKERS

TRUST, REPS HERE INCLINED TO FEEL THAT UNLESS GOA  
SHIFTS ITS POSITION, BANK WILL DECIDE TO POSTPONE ISSUE  
OF SONELEC LOAN FOR ABOUT FIVE MONTHS, I.E., UNTIL  
AFTER MARKET RECOVERS FROM SONATRACH ISSUE.

3. BANKERS TRUST REPS BELIEVE THAT THIS WILL NOT DELAY  
GTE HOME ELECTRONICS PROJECT, SINCE ALGERIAN EXTERNAL  
BANK (BEA) WOULD CONTINUE TO BRIDGE FINANCING GAP. IT  
WOULD ONLY MEAN THAT ALGERIANS WOULD HAVE TO TIE UP SOME  
VALUABLE FOREIGN EXCHANGE FOR SEVERAL MONTHS.

4. COMMENT: \$400 MILLION EURODOLLAR LOAN ISSUED IN  
SEPT., 1975, EXPERIENCED SCHEDULING PROBLEMS SIMILAR TO  
CURRENT PROBLEMS. AS ALGERIA CONTINUES TO BROW ALL  
THAT FINANCIAL MARKETS WILL BEAR, AND AS SOME BANK  
PORTFOLIOS FILLED TO THE SATURATION POINT WITH ALGERIAN  
PAPER, MORE LOAN SCHEDULING DIFFICULTIES OF THIS TYPE  
CAN BE EXPECTED.LYNE

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CURRENCY LOANS, EURODOLLAR, DEVELOPMENT FINANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 JAN 1976  
**Decapton Date:** 01 JAN 1960  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976ALGIER00214  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760036-0137  
**From:** ALGIERS  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Office:** ACTION NEA  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
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**Review Authority:** morefirh  
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**TAGS:** EFIN, AG, SONATRACH, SONELEC  
**To:** STATE  
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